

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: May 6, 2008

Bill Number: S.B. 107

Author: Scott

Committee Requesting Impact: Senate Finance Committee

Bill Summary

A bill to amend Chapter 1, Title 6 of the 1976 Code of Laws of South Carolina, relating to general provisions regarding local governments, to add Article ten, relating to a one time capital cost impact fee, to provide that a local governing entity may, upon referendum approval, impose a one time capital cost impact fee on the construction or set up of new residential property to be used exclusively for the construction of public education facilities, to allow for local residents to receive a credit applied against the impact fee, to provide that the impact fee is payable to the county treasurer as a condition of receiving a certificate of occupancy, and to provide for the referendum to approve the impact fee.

REVENUE IMPACT ^{1/}

This bill is not expected to impact state General Fund revenue in FY2007-08. If a one percent one-time capital cost impact fee was approved by voters and levied against all new residential construction last year, local government would have raised an estimated \$58,335,904 for new public education facilities.

Explanation

This bill would add Sections 6-1-2100 through 6-1-2130 to allow a county or municipality to impose a one-time capital cost impact fee on the construction or set up of new residential property within the county or municipality. The fee would be established by the governing body of the county or municipality and must be approved by a majority of the qualified electors voting "yes" during a referendum. A referendum approving the residential impact fee may be offered only once in a twelve month period. The proceeds of the one-time capital cost impact fee would be used exclusively for the construction of new "public education facilities". These facilities include, but are not limited to, schools, offices, classrooms, parking area, playgrounds, libraries, cafeterias, gymnasiums, health and music rooms, computer and science laboratories. The fee must be paid to the county treasurer after the final inspection and before the certificate of occupancy is granted on the property. The owner of the property must present a paid receipt to the electric utility serving the property before permanent electrical service may be provided to the property. This bill allows the county or municipality to provide a credit to a taxpayer to be applied against the fee permitted by this bill, but there is no language providing for the implementation of the credit. Based on the latest data from the U.S. Bureau of the Census, there were 30,505 buildings reported with an estimated value of \$5,833,590,443 authorized for construction during calendar year 2007. If a one percent one-time capital cost impact fee was approved by voters and levied against all new residential construction last year, local government would have raised an estimated \$58,335,904 for new public education facilities.

/s/ WILLIAM C. GILLEPSIE, PH.D.

William C. Gillespie, Ph.D.
Chief Economist

Analyst: Martin

^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.